

**POOLED LIABILITY ASSURANCE NETWORK JOINT
POWERS AUTHORITY
(PLAN JPA)**

**MINUTES OF THE STRATEGIC PLANNING SESSION
FEBRUARY 28, 2019**

A Strategic Planning Session of the Board of Directors was held on February 28, 2019, at Hilton Garden Inn San Francisco Airport North, 670 Gateway Boulevard, South San Francisco, CA 94080.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Kathleen Kane, Vice President, Burlingame
Ann Ritzma, Treasurer, Foster City
George Rodericks, Atherton
Heather McLaughlin, Benicia
Alan Shear, Benicia (Alternate)
Pak Lin, Colma
Julie Carter, Dublin
Brenda Olwin, East Palo Alto
Matthew Chidester, Half Moon Bay
John Mullins, Hillsborough
Robert Schultz, Los Gatos
DeAnna Hilbrants, Millbrae
Jane Corpus, Milpitas
Donald Larkin, Morgan Hill (*Arrived during Agenda Item 1.B*)
Lorenzo Hines, Pacifica
Rebecca Mendenhall, San Carlos
Michael Taylor, Saratoga (*via teleconference*)
Kevin Bryant, Woodside
Cindy Safe, Woodside (Alternate)

MEMBERS ABSENT: Jason B. Holley, American Canyon
Jill Lopez, Campbell
Kristina Alfaro, Cupertino
Carl Cahill, Los Altos Hills
David Benoun, Newark
Jeremy Dennis, Portola Valley

Joe Chinn, Ross
Leah Lockhart, South San Francisco
Scott Corey, Suisun City
Greg Chanis, Tiburon

OTHERS PRESENT:

Jon Paulsen, General Manager,
Yahaira Martinez, Assistant General Manager
Katie Sullivan, Analyst
Ritesh Sharma, Finance Manager
Gail Zeigler, Risk Control Consultant
Craig Wheaton, Litigation Manager
Jennifer Jobe, ERMA Executive Director
Terrie Norris, York Pooling
Becky Richard, Bickmore Actuarial Consulting
Greg Rubens, Legal Counsel, Aaronson, Dickerson,
Cohn & Lanzone
Seth Cole, Alliant Insurance Services
Myvan Khuu-Seeman, Newark

1. WELCOME AND INTRODUCTIONS

The February 28, 2019, Strategic Planning Session was called to order at 1:07 p.m. by President Marc Zafferano. Introductions were made it was determined there was a quorum of the Board of Directors present. There were no public comments.

2. PLAN JPA OVERVIEW

A. Status of PLAN JPA General Liability Program

1. Claims Overview

Craig Wheaton, Litigation Manager, was present to discuss a five-year trend of the losses, as defined by six categories, as follows:

- Dangerous Conditions;
- Police Activity/Civil Rights;
- Auto Losses;
- Tree Damage Losses;
- Sewer Losses; and
- Slip and Fall Losses.

Jon Paulsen, General Manager, noted PLAN JPA is a very diverse group between member city and town's size and exposure and frequency of loss depends on the individual agency and how and when they submit claims, as York does not see all of them. In response to Mr. Paulsen's comment, it was stated that in PLAN JPA's bylaws, members should be reporting any and all claims to York, regardless of if it is covered by the agency's self-insured retention or not. The Board directed staff to explore options for training or monitoring member agencies to ensure they are reporting every claim to York.

Additionally, it was requested that staff separate police/use of force claims and American's with Disabilities Act (ADA) claims to easily compare statistical differences and to send out a memo to membership on best practices around ADA claims.

2. Financial Overview

Ritesh Sharma, Finance Manager, and Becky Richard, Bickmore, were present to provide an overview of the historical financials. They discussed the following items:

- Liabilities and Funding is at Expected (50%);
- Confidence Level;
- Building Equity;
- Known Expenses; and
- Claims Expenses.

Property Program is funded at 60% confidence level.

3. Actuarial Overview

Becky Richard, Senior Actuarial Manager, Bickmore, was present to provide an overview of outstanding claims liabilities and recent development.

4. Review of PLAN JPA Experience Modification (Ex-Mod) Calculation Methodology

Mr. Sharma reviewed the current experience modification (ex-mod) methodology for PLAN JPA. The existing methodology has been in place at least since 2002/03, which funds the primary loss layer, and has been yielding results that are not consistent with what is being offered in the marketplace. Specifically, the range of outcomes is extremely broad and many numbers receive very low or very high multipliers.

The current ex-mod methodology is:

- Loss experience and payroll from 5 years; for example, when calculating contributions for the 2018/19 program year, losses and payroll from 2012/13 through 2016/17 were used in the calculation.
- Losses are limited to \$250,000 per occurrence.
- Creditability is given to payroll, limited to a minimum of 20% and maximum of 90%.
- Calculated ex-mods range from the lowest member at 33% to the highest member at 362%. There are currently seven members who ex-mod is below 70%.

As there is no minimum/maximum ex-mod, a members' ex-mod can drop or rise to any level. Discussion ensued around if the ex-mod calculation should be consistent with rate stability or responsive to changes.

B. Review of PLAN JPA Defense Counsel List

PLAN JPA's defense counsel list was last update in July 2016. Mr. Wheaton reviewed the panel list and found a need for an update. Mr. Wheaton completed a preliminary clean-up of the list by removing attorneys and firms who are no longer in practice or have moved on to endeavors no longer applicable to PLAN JPA.

Mr. Wheaton informed the Board staff will distribute a survey to all PLAN JPA Board and Alternate representatives to further update the list based on member recommendations and preferences. Following the survey results, an updated recommended panel will be submitted for review and consideration by PLAN JPA's Claims Committee.

C. Status of PLAN JPA Property Program

1. Claims Overview

Mr. Wheaton provided an overview of PLAN JPA's property claims liabilities and recent trends. A few of the items discussed are listed below:

- **Total Frequency of All Property Claims:**
 - Collision with a fixed object contained the highest frequency.
 - Flood and Collision with Other Vehicle had the second highest frequency.
 - Rearend Collision with Other Member, Fire, Sewer Backup, Claimant Rearended Unit, and 'Other' all came in with the lowest frequency.
- **Total Incurred for All Property Claims:**
 - Highest total incurred was \$638,158 due to floods.

- Collision with a Fixed Object had the second highest incurred with \$228,468
- Fire, Collision with Other Vehicle, and Rearend Collision with Other Member came in between \$50,000 and \$100,000.
- Claimant Rearended Unit, 'Other,' and Sewer Backup came in under \$25,000.

2. Financial Overview

Mr. Sharma provided an overview of the Property Program historical financials. He covered Total Assets, Total Liabilities, and Net Position.

- Over the past eight years, Total Assets has seen a slow decline, reaching its lowest in 2017 at approximately \$900,000. In 2018, Total Assets increased to just over \$1,200,000.
- Total Liabilities saw an increase beginning in 2012, that has since remained fairly steady as of 2014. Total Liabilities remain under \$400,000.
- Overall Net Position followed a similar path as Total Assets with a steady decrease beginning in 2011, with a jump in 2018 from approximately \$700,000 to just under \$1,000,000.

D. Risk Control and Loss Prevention Services for 2018/19

1. Overview of Services

Gail Zeigler, Risk Control Consultant, discussed how Risk Control and Loss Prevention Services are continuing to be offered to PLAN JPA members as part of the contracted Risk Control Services Program. She noted Focused Risk Control Assessments on Special Events and Facility Rentals have started and will continue throughout the rest of the program year.

2. Status of Grant Fund Program

The PLAN JPA Grant Fund Program is available to members to fund expenditures that support their safety and risk management programs. Ms. Zeigler provided an updated usage report which included the reallocated funds from the 2017/18 program year. She reminded the Board member funds that are unused by the end of the program year will roll into the new program year and will no longer be reallocated amongst the pool membership.

3. Status of Sewer Summit

PLAN JPA hosts an annual Sewer Summit and contracts with DKF Solutions Group (DKF) for coordination of the event. The Summit takes place in October to provide education and training. At the December 5, 2018, Board of Directors meeting staff presented the total expenses for the October 17, 2018, event along with recommendations for several prospective changes, which included increased financial contributions by the California Sanitation Risk Management Authority (CSRMA) and the California Joint Powers Risk Management Authority (CJPRMA), and increased individual registration fees.

Ms. Zeigler discussed the following recommendations with the Board:

- Contributions: CSRMA = \$30k, PLAN JPA = \$18k, CJPRMA = \$5k
- Open Registration Fees: \$100 per person (Revenue = \$10k less attendance drop)
- Vendor Fees (at 2018 levels) = \$3500
- Total Expected Revenue = \$66,500

Staff also recommended enhancing the training and education offerings to include storm water and wastewater risk control as many PLAN JPA members do not have sewer systems, but have significant storm water and wastewater exposures.

Ann Ritzma moved to approve the 2019 Sewer Summit budget and expense recommendations, and authorize staff to issue payment for the initial DKF planning fees and reservation expenses. George Rodericks seconded the motion. The motion passed unanimously.

3. PRESENTATIONS

A. Employment Practices Liability (EPL) Coverage Programs

As discussed at prior meetings, employment practices liability (EPL) coverage is an important and costly exposure that all public entities should evaluate. The PLAN JPA Liability Memorandum of Coverage (MOC) does not include coverage for EPL. Currently, three members purchase standalone EPL insurance, and Alliant Insurance Services (Alliant) is working with several PLAN JPA members individually to obtain standalone EPL insurance quotes for consideration.

Staff coordinated with Alliant and the Employment Risk Management Authority (ERMA) to provide the Board with information on EPL coverage options at its December 5, 2018, meeting. The Board directed staff to provide Alliant and ERMA with basic

underwriting information in order to obtain cost indications from ERMA for the entire membership. These indications were provided to the Board with the registration for the Strategic Planning Session, in which they were also asked to let us know whether they were interested in participating in ERMA.

Jennifer Jobe, ERMA Executive Director, was present to provide an overview of the cost indications provided to PLAN JPA.

B. Emergency Planning, Contingency Planning, and Resiliency Planning – Michael Dever, C.E.M

In developing the Strategic Planning Session content, staff surveyed members for input on topics of interest. Emergency planning received a significant number of responses and interest.

Michael Dever, C.E.M., was present to provide a training presentation on Effective Emergency Management Solutions.

4. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

5. ADJOURNMENT

The Strategic Planning Session of the PLAN JPA Board of Directors was adjourned at 5:07 p.m.



Katie Sullivan, Assistant Board Secretary